

Development Specialists, Inc.  
150 Post Street, Suite 400  
San Francisco, CA 94108  
Telephone: 415/981-2717  
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*Financial Advisor to the Debtor*

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

In re  
SEDGWICK, LLP,  
Debtor.

Case No. 18-31087 (HB)

Chapter 11

**FIRST INTERIM APPLICATION  
FOR COMPENSATION AND  
REIMBURSEMENT OF EXPENSES  
OF DEVELOPMENT SPECIALISTS,  
INC. AS ADVISORS TO THE  
DEBTOR, SEDGWICK, LLP, FOR  
THE PERIOD OCTOBER, 2, 2018  
THROUGH JANUARY 31, 2019 AND  
DECLARATION OF KYLE  
EVERETT IN SUPPORT THEREOF**

**JUDGE: HONORABLE HANNAH L.  
BLUMENSTIEL**

**DATE:  
TIME:  
PLACE: 450 GOLDEN GATE AVE.  
COURTROOM 17  
SAN FRANCISCO, CALIFORNIA**

Development Specialists, Inc. ("DSI" or "Applicant"), solely in its capacity as  
Financial Advisor to the Debtor, Sedgwick, LLP, hereby submits its First Interim Fee  
Application for Compensation and Reimbursement of Expenses (the "Application") in

1 connection with the services that it has rendered as Applicant in this chapter 11 case.

2 The Application seeks approval of fees pursuant to §§ 330 and 331 of the United  
3 States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), and Rule 2016  
4 of the Federal Rules of Bankruptcy Procedure, for an order allowing the Applicant’s fees in  
5 the amount of \$139,300.00 and reimbursement of expenses in the amount of \$345.14 for a  
6 total of \$139,645.14 for the period from October 2, 2018 through January 31, 2019 (the  
7 “Application Period”). Extended details on the time entries of Applicant and its expenses  
8 incurred are set forth in the attached Exhibits A and B.  
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13 **I. BACKGROUND**

14 On October 2, 2018 (the “Petition Date”), the Debtor filed a voluntary petition for  
15 relief under chapter 11 of the Bankruptcy Code. The Debtor continues to operate as a  
16 debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.  
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18 A detailed discussion of the Debtor’s background, capital structure, and the events  
19 leading to this bankruptcy filing is set forth in the declaration of Gregory C. Read filed in  
20 support of the Debtor’s First Day Motions [Docket No. 2]. The discussion contained in  
21 that declaration is incorporated in this Application as though fully set forth herein.  
22

23 **II. EMPLOYMENT OF DEVELOPMENT SPECIALISTS, INC.**

24 DSI is a national financial consulting firm with offices in San Francisco, Chicago,  
25 Los Angeles, New York, Miami, Columbus and Cleveland. DSI specializes in insolvency  
26 and litigation consulting, analysis and management. On October 15, 2018, the Proposed  
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1 Attorneys for the Debtor, Pachulski Stang Ziehl & Jones, filed an Application to employ  
2 the Applicant as Financial Advisors to the Debtor [Docket No. 40]. On October 23, 2018,  
3 this Court entered its Order appointing the Applicant as the Financial Advisor to the  
4 Debtor under Section 327 of the Bankruptcy Code [Docket No. 63].  
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### 7 **III. PROJECT BILLING AND NARRATIVE STATEMENT OF SERVICES**

#### 8 **A. Compensation of Fees**

9  
10 The professional services rendered by Applicant have required a substantial  
11 expenditure of time and effort. DSI was required to perform essential services on a number  
12 of issues relating to, among other things, researching, reviewing and analyzing Debtor pre-  
13 petition financial records to determine, calculate and evaluate potential partner claw-back  
14 claims, meetings and discussions regarding the potential partner clawback liability with the  
15 Debtor and its counsel and the Unsecured Creditors' Committee's counsel and financial  
16 advisors and providing information to them for their analyses, reviewing and advising the  
17 Debtor's Accountant on preparation of Monthly Operating Reports, analyzing data  
18 associated with solvency issues, and providing assistance with certain tax and partner capital  
19 account issues and analyses.  
20  
21

22 During the Application Period, **281.00** hours were recorded by the Applicant.  
23 Moreover, time and labor devoted is only one of many pertinent factors in determining an  
24 award of fees and costs. Based on the skill brought to bear in addressing these tasks by the  
25 Applicant, the progress DSI has made and the results obtained, the Applicant submits that  
26 the compensation requested herein is reasonable and appropriate.  
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1 Attached hereto as **Exhibit A** are the fees that the Applicant actually charged,  
2 corresponding to the activity categories detailed in the Narrative Summary of Services  
3 below. In accordance with Federal Rule of Bankruptcy Procedure 2016(a), the itemized list  
4 identifies: (a) the DSI consultant who performed the services; (b) hourly rate of the  
5 consultant; (c) the date and time (by tenths of an hour) required to perform them; and (d) the  
6 description of the services performed. To the extent possible, the individual consultant  
7 described each specific task and separately allocated the time attributable to that task. Where  
8 the nature of certain tasks and the circumstances surrounding their performance did not allow  
9 for individual time entries, aggregate time entries were used.

12 **B. Calculation of Fees**

13 From October 2, 2018 through January 31, 2019, the Applicant expended 281.00  
14 hours on this case for a total of \$139,300.00 in fees incurred at an average hourly rate of  
15 \$495.73. The Applicant wrote off 4.0 hours, primarily related to case administration and  
16 client billing totaling \$2,050.00.

18 **C. Reimbursement of Expenses**

19 Pursuant to § 330(a)(1)(A) of the Bankruptcy Code, the Court may award a  
20 professional “reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a)(1)(A).  
21 Accordingly, the Applicant seeks reimbursement of the actual, necessary expenses that DSI  
22 incurred during the period covered by this Application totaling \$345.14. Charges for  
23 photocopies, meals, long distance phone calls, and PACER disbursements are based on  
24 actual amounts paid by the Applicant for those services. Attached hereto, as **Exhibit B**, is  
25 a detailed description of expenses that the Applicant incurred in the Application Period.  
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1 **IV. NARRATIVE SUMMARY OF SERVICES PERFORMED**

2 In accordance with the Northern District of California Guidelines and the UST  
3 Guidelines, the Applicant classified all services performed for which compensation is sought  
4 into distinct categories. The Applicant attempted to place the services performed in the  
5 category that best relates to the service provided. However, because certain services may  
6 relate to one or more categories, services pertaining to one category may occasionally be  
7 included in another category. The Applicant established the following billing categories:  
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- 9
- 10 • Case Administration/General
  - 11 • Fee Application / Client Billing
  - 12 • Attend Court Hearings / Review Pleadings
  - 13 • Accounting/Auditing
  - 14 • Business Analysis
  - 15 • Preparation of Liquidation Valuation
  - 16 • Bankruptcy Schedules
  - 17 • Monthly Bankruptcy / Semi-Annual Reports
  - 18 • Accounts Receivable Review and Collections
  - 19 • Claims Analysis
  - 20 • Tax Issues
  - 21 • Employee Benefits/Pension/Insurance
  - 22 • Wind Down Operations
  - 23 • Creditor/Creditors Committee Contact
  - 24 • Solvency Analysis
  - 25 • Travel at ½
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1           **A.     Case Administration/General**

2           The time expended in this category includes time spent reviewing the Debtor's  
3 server files for requested reports from the Dissolution Committee members.  
4

5           **Total hours 1.90   Fees \$646.00**

6           **B.     Fee Application / Client Billing**

7  
8           The time expended in this category includes time spent reviewing the monthly billing  
9 and expense statements in anticipation of preparing this fee application.  
10

11          **Total hours 1.50   Fees \$915.00**

12          **C.     Attend Court Hearings / Review Pleadings**

13          The time expended in this category includes time expended reviewing filings  
14 including the first day motions and Order to employ the Applicant. Additionally, time  
15 spent preparing the application to employ the Applicant was recorded within this category.  
16

17          **Total hours 6.10   Fees \$3,629.50**

18  
19          **D.     Accounting/Auditing**

20          The time expended in this category includes time spent reviewing the IOLTA  
21 accounts and its accounting.  
22

23          **Total hours 0.10   Fees \$59.50**

24  
25          **E.     Business Analysis**

26          The time expended in this category relates to review of Debtor provided business  
27 reports and analysis regarding their operations and budgets for years 2016 and 2017.  
28

1 Additionally, review and preparation of analysis related to retired partner payments were  
2 recorded within this category. Multiple discussions, both telephonic and in-person, with  
3 the Debtor's counsel related to retired partner payment issues were held and recorded  
4 within this category.  
5

6 **Total hours 8.80 Fees \$5,177.50**

7 **F. Preparation of Liquidation Valuation**  
8

9 The time expended in this category includes time spent by the Applicant reviewing  
10 and discussing the solvency analysis and corresponding schedules.

11 **Total hours 0.50 Fees \$147.50**  
12

13 **G. Bankruptcy Schedules**

14 The time expended in the category includes time spent discussing and assisting in  
15 the preparation of Bankruptcy schedules with the Debtor's counsel. Additionally, time  
16 was expended reviewing Debtor records related to potentially related subsidiaries.  
17

18 **Total hours 7.20 Fees \$4,014.00**

19 **H. Monthly Bankruptcy/Semi-Annual Reports**

20 The time expended in this category includes time spent reviewing Monthly  
21 Operating Reports prepared by the Debtor's Accountant prior to filing with the Court. The  
22 Applicant recommended revisions to the Debtor's Accountant and counsel, as well as  
23 answered questions or provided feedback related to amounts included in the Monthly  
24 Operating Reports. Telephonic discussions were held with both the Accountant and  
25 counsel, and were recorded within this category. Additionally, the Applicant assisted with  
26 information to counsel regarding questions raised by the U.S. Trustee at the Initial Debtor  
27  
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1 Interview.

2 **Total hours 24.30 Fees \$14,560.50**

3  
4 **I. AR Review and Collection**

5 The time expended in this category includes review of outstanding accounts  
6 receivable balances, and discussions with collection agencies regarding balances and  
7 future collections.  
8

9 **Total hours 1.10 Fees \$654.50**

10  
11 **J. Claims Analysis/Objections**

12 The time expended in this category includes time spent reviewing retired partner  
13 claims.  
14

15 **Total hours 0.20 Fees \$119.00**

16  
17 **K. Tax Issues**

18 The time expended in this category includes time spent in conference calls with the  
19 Debtor's tax preparer and the Dissolution Committee regarding tax issues.  
20

21 **Total hours 1.90 Fees \$1,144.00**

22 **L. Employee Benefit/Pension/Insurance**

23  
24 The time expended in this category includes time spent reviewing and discussing a  
25 pension audit letter, which the estate received, with the Debtor's counsel.

26 **Total hours 0.70 Fees \$416.50**  
27  
28



1           **M.     Wind Down Operations**

2           The time expended in this category includes significant time spent preparing,  
3 analyzing and discussing the various solvency and claw-back related analyses. The  
4 Applicant prepared the multiple solvency and claw-back analyses, at various points in  
5 time, each extremely detailed and incorporating various financial and payment reports  
6 provided by the Debtor. The Applicant met with the Debtor and its counsel on numerous  
7 occasions to discuss these analyses. Updates and revisions were made by the Applicant as  
8 new information was provided, or new schedules were requested by the Debtor, its counsel  
9 or the General Unsecured Creditors' Committee (the "Committee").  
10

11                   **Total hours 73.20           Fees \$33,379.50**

12           **N.     Creditor/Creditor's Committee Contact**

13           The time expended in this category includes considerable time spent alongside the  
14 Debtor's counsel in preparing for and providing the Committee, as well as their financial  
15 advisors, the solvency and claw-back analysis. Additionally, the Committee requested  
16 various Debtor records and reports, asked numerous questions related to partner payments  
17 and Debtor financial history, all of which the Applicant expended substantial time  
18 researching and providing answers or schedules to address the Committee's questions  
19 and/or concerns. Multiple meetings and discussions with Debtor and its counsel were held  
20 leading up to presentations and conference calls with the Committee, both of which were  
21 also recorded within this category. Once the Committee provided its financial advisors  
22 prepared reports and claw-back analysis, the Applicant spent time reviewing and analyzing  
23 their report, and had discussions both internally, and with the Debtor and its counsel.  
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**Total hours 57.00 Fees \$30,174.00**

**O. Solvency Analysis**

The time expended in this category includes substantial time spent preparing, updating and confirming the accuracy of the solvency analysis. The Applicant considered balance sheet solvency at multiple points in time during 2017 and analyzed the Debtor's potential solvency at each point in time. Possibly the most critical task the Applicant has addressed in this chapter 11 case has been the date of the Debtor's insolvency; since certain partner payments following this date can be "clawed" back into the estate. As such, the Applicant reviewed and considered an extensive amount of data when determining the insolvency date. Further, the Applicant reviewed foreign office and foreign partner financial details and payments, and when appropriate, removed those details or payments when updating its solvency analyses. The Applicant's prepared solvency analyses required constant and continued updating, as additional information, or records, were received from the Debtor, the Debtor's accountant or the Debtor's counsel.

**Total hours 93.90 Fees \$43,489.50**

**P. Travel at ½**

The time expended in this category includes time spent travelling to and from meetings at the Debtor Counsel's office.

**Total hours 2.60 Fees \$773.50**

1 **V. SUMMARY OF COSTS AND EXPENSES**

2 **A. Photocopies**

3 The Applicant uses a computerized accounting system known to keep track of  
4 internal photocopy charges, and bills its clients at the rate of \$0.15 per page, which is less  
5 than the Northern District of California's current guidelines of \$.20 per page. During the  
6 period covered by the Application, the Applicant incurred \$272.85 in expenses in this  
7 category.  
8

9 **B. Long Distance Phone**

10 The Applicant seeks reimbursement only for its actual costs incurred for long distance  
11 telephone calls. During the period covered by this Application, the Applicant incurred  
12 \$13.77 in expenses in this category.  
13

14 **C. Meals**

15 The Applicant seeks reimbursement only for its actual costs incurred for necessary  
16 meals related to travel. During the period covered by this Application, the Applicant  
17 incurred \$56.42 in expenses in this category.  
18

19 **D. Miscellaneous**

20 The Applicant seeks reimbursement only for its actual costs incurred for accessing  
21 filings on PACER. During the period covered by this Application, the Applicant incurred  
22 \$2.10 in expenses in this category.  
23

24 **VI. TOTAL REQUEST**

25 Based upon the foregoing, Applicant seeks interim compensation in the amount of  
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1 \$139,300.00, plus reimbursement of expenses in the amount of \$345.14.

2 **VII. RETAINER HELD BY APPLICANT**

3 As set forth in the Application to Employ Development Specialists, Inc. [Docket No.  
4 40], the Applicant obtained a retainer for services provided to the Debtor prior to the filing  
5 date. At the time of filing date, a net retainer balance of \$64,315.15 remained. With the  
6 Court's approval, the Applicant will apply the retainer balance against any fees approved by  
7 the Court for this First Interim Fee Application Order, before requesting payment from the  
8 Debtor.  
9  
10

11 **VIII. AVAILABLE FUNDS**

12 DSI believes that the Debtor currently has sufficient funds available for the payment  
13 of fees and expenses incurred in connection with this Application.  
14  
15

16 **IX. CONCLUSION**

17 Giving due consideration to the nature of the services rendered, the size of this case,  
18 the legal and operational complexities encountered, the experience of the Applicant, the  
19 Applicant's normal and customary hourly rates for similar services, the results achieved on  
20 behalf of the estate, and the time devoted by the Applicant, the Applicant respectfully  
21 submits that the fees and expenses for which compensation and reimbursement are sought  
22 in the Application are actual, reasonable and necessary costs of the administration of this  
23 chapter 11 case. With a blended hourly rate in this Application Period of **\$495.73** for the  
24 Applicant's professionals, the Applicant has added value to the administration of this chapter  
25 11 case.  
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**WHEREFORE**, the Applicant respectfully requests that this Court enter an order:  
(a) allowing interim compensation for Applicant in the amount of \$139,645.14 consisting of \$139,300.00 of fees and \$345.14 of costs incurred from October 2, 2018 through and including January 31, 2019; (b) allowing the Applicant to apply its remaining retainer balance against the approved interim compensation; (c) authorize and direct the Debtor to pay to Applicant the remaining amount due to the Applicant in connection with this Application.

Dated: February 28, 2019

By   
\_\_\_\_\_  
Kyle Everett  
Development Specialists, Inc.

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# EXHIBIT A





Sedgwick LLP, in dissolution  
 2646 Dupont Drive  
 Suite 60 #503  
 Irvine CA 92612

Page: 1  
 02/22/2019

			HOURS	
10/03/2018	JAZ	Discuss case status and issues with Kyle Everett.	0.30	n/c
10/09/2018	JAZ	Discuss case status with Kyle Everett.	0.10	n/c
10/11/2018	GLB	E-mail exchanges with Kyle Everett about the amounts owing the firm from the Pearl Automation case and who is now representing DSI as assignee in that case for disclosure purposes in the chapter 11 case.	0.20	n/c
	GLB	Review and reply to Kyle Everett's e-mails about any possible conflicts and explaining BMO's involvement in the Classic Party Rentals and Marinello Assignment for the Benefit of Creditors cases.	0.10	n/c
12/04/2018	AKE	Review and respond to e-mails from Comenda regarding telephone call to discuss the missing information.	0.20	
01/18/2019	JAZ	Review server files for data requested by former attorneys.	1.70	
		Case Administration/General	1.90	646.00
10/09/2018	AKE	Enter time for the employment application.	0.80	n/c
10/10/2018	AKE	Review and send additional conflict names to Chicago.	0.30	n/c
10/11/2018	AKE	Review the additional conflict results and resolve open issues.	0.90	n/c
11/12/2018	AKE	Review billing.	0.20	n/c
01/09/2019	AKE	Review billing for application.	0.40	
01/14/2019	AKE	Review billing and revise for application.	0.20	
01/15/2019	AKE	Review billing and revise application.	0.90	
		Fee Application/Client Billing	1.50	915.00
10/02/2018	AKE	Review the first day motions.	1.30	
10/04/2018	AKE	Attend hearing and discussions with counsel and client prior to and after hearing.	1.60	
10/08/2018	AKE	Begin preparing application to employ DSI, my declaration and order regarding same.	2.10	
10/11/2018	AKE	Finalize and send application to employ DSI and my declaration to J. Lucas.	1.00	
10/12/2018	AKE	Telephone discussion with J. Lucas regarding the engagement letter to attach to the application.	0.10	n/c
	AKE	Telephone discussion with Chicago regarding sending the engagement letter.	0.10	n/c

			HOURS	
	AKE	Review J. Lucas' changes to the application to employ DSI.	0.20	n/c
10/23/2018	AKE	Review the order to employ DSI.	0.10	
		Attend Court Hrgs/Rev Pleadgs	6.10	3,629.50
12/19/2018	AKE	Review and respond to e-mails regarding the IOLTA accounts.	0.10	
		Accounting/Auditing	0.10	59.50
12/06/2018	AKE	Review trial balances.	0.40	
12/07/2018	AKE	Review trial balance summaries.	0.40	
12/14/2018	JAZ	Discuss production requests and retired partner payment issues with Kyle Everett.	0.50	
12/17/2018	AKE	Telephone discussion with J. Lucas regarding retired partners.	0.10	
	AKE	Review and respond to e-mails from D. Flaum regarding retired partner payments.	0.10	
	AKE	Review analysis of retired partner payments.	0.40	
12/20/2018	AKE	Review additional analyses regarding retired partner payments.	0.40	
12/21/2018	AKE	Telephone discussion with J. Lucas regarding retired partners.	0.40	
01/28/2019	AKE	Review and analysis of the 2017 operations and budgets.	2.30	
01/29/2019	AKE	Review and analysis of operations and budgets for 2016 and 2017.	1.30	
01/30/2019	AKE	Discuss status of case and operations with J. Lucas.	0.60	
	AKE	Discuss analysis of committee proposal with J. Zagajeski.	0.50	
	AKE	Review and analysis of operations and budgets in 2016 and 2017.	1.40	
		Business Analysis	8.80	5,177.50
11/26/2018	JAZ	Review and e-mail latest August 2018 solvency analysis to Kyle Everett.	0.30	
	JAZ	Discussions with Kyle Everett regarding the solvency analysis and corresponding schedules.	0.20	
		Preparation of Liq. Valuation	0.50	147.50
10/10/2018	AKE	Telephone discussion with J. Lucas regarding the schedules.	0.30	
10/24/2018	JAZ	Review for information related to Xerdict; discuss and e-mail findings to Kyle Everett.	0.30	
10/29/2018	AKE	Review and respond to e-mails from J. Lucas regarding the schedules.	0.10	
	AKE	E-mails to D. Barto regarding the schedules.	0.10	
10/30/2018	AKE	Obtain information for schedules for J. Lucas.	0.80	
11/20/2018	JAZ	Review for and provide Xerdict's sale agreement to		

			HOURS	
		Kyle Everett.	0.40	
11/21/2018	JAZ	Review for and e-mail Kyle Everett information related to Xerdict.	0.20	
	AKE	Review schedules and Statement of Financial Affairs and provide comments to J. Lucas.	2.40	
12/04/2018	AKE	Assist with revisions to the schedules for cash and debt.	1.40	
12/05/2018	AKE	Telephone discussion with J. Lucas regarding the monthly operating report and schedules.	0.40	
	AKE	Assist with schedule changes.	0.80	
		Bankruptcy Schedules	7.20	4,014.00
10/17/2018	AKE	Review and respond to e-mails regarding questions from the U.S. Trustee at IDI from J. Lucas.	0.20	
	AKE	Research regarding additional questions from the U.S. Trustee at IDI.	1.40	
10/23/2018	AKE	Finalize the information required by IDI.	0.80	
11/19/2018	AKE	Telephone discussion with J. Lucas regarding monthly operating report.	0.20	
	AKE	Review and make comments to the monthly operating report.	1.60	
	AKE	Review and respond to e-mails from J. Lucas regarding the monthly operating report.	0.20	
11/26/2018	AKE	Review documents and bank statements related to monthly operating report for discussion with Armanino.	1.10	
11/27/2018	AKE	Telephone discussion with W. Blandon regarding monthly operating report.	0.40	
	AKE	Review additional documents for revisions to monthly operating report.	1.10	
11/28/2018	AKE	Telephone discussion with J. Lucas regarding monthly operating report status.	0.30	
12/03/2018	AKE	Telephone discussion with J. Lucas regarding the monthly operating report.	0.20	
	AKE	Conference call with W. Blandon from Armanino regarding the monthly operating report.	0.90	
	AKE	Review the revised monthly operating report and continue to make revisions.	1.80	
12/04/2018	AKE	Telephone discussion with W. Blandon regarding the monthly operating report.	0.30	
	AKE	Review the revised monthly operating report and data for same.	1.30	
12/10/2018	AKE	Review and respond to e-mails from J. Lucas and W. Blandon regarding bank account information for schedules and the monthly operating report.	0.20	
	AKE	Review and respond to e-mails from W. Blandon and J. Lucas regarding the monthly operating report.	0.30	
	AKE	Review and send the revised monthly operating report to counsel and the accountant.	0.90	
12/11/2018	AKE	Telephone discussions (3) with W. Bradford regarding		

		HOURS
	the monthly operating report revisions.	0.40
AKE	Review the revised monthly operating report.	0.60
AKE	Review and respond to e-mails with J. Lucas regarding the monthly operating report revisions.	0.30
AKE	E-mail to W. Bradford regarding the monthly operating report changes.	0.20
12/12/2018	AKE Review and revise the final monthly operating report.	1.10
	AKE E-mails to J. Lucas regarding the monthly operating report.	0.10
12/20/2018	AKE Review of the monthly operating report.	0.40
12/21/2018	AKE Telephone discussion with J. Lucas regarding the monthly operating report.	0.10
	AKE Telephone discussion with W. Blandon regarding the monthly operating report.	0.20
12/26/2018	AKE Review the revised the monthly operating report.	0.40
	AKE E-mails with W. Blandon regarding open issues and changes needed to the monthly operating report.	0.20
	AKE Review and respond to e-mails with J. Lucas regarding open issues and payment questions in the monthly operating report.	0.30
01/02/2019	AKE Review and respond to e-mail from W. Blandon regarding monthly operating report.	0.10
	AKE Review and respond to e-mail from W. Blandon regarding disbursement question in the monthly operating report.	0.10
01/03/2019	AKE E-mail with W. Blandon and J. Lucas regarding question about the monthly operating report payments.	0.10
	AKE Review the monthly operating report and e-mail W. Blandon regarding same.	0.50
	AKE E-mail with W. Blandon regarding the monthly operating report.	0.10
01/04/2019	AKE Review e-mails from the Armanino group regarding the monthly operating report payment questions.	0.20
01/07/2019	AKE Review and respond to e-mails with J. Lucas regarding the monthly operating report.	0.20
01/15/2019	AKE Review and respond to e-mails with W. Blandon regarding monthly operating report.	0.30
01/16/2019	AKE Telephone discussions (2) with J. Lucas regarding the monthly operating report.	0.30
	AKE Telephone discussion with W. Blandon regarding the monthly operating report.	0.10
	AKE Review the revised monthly operating report.	0.80
	AKE Analyses for additional revisions to current and prior monthly operating reports.	0.80
01/17/2019	AKE Telephone discussion with J. Lucas regarding monthly operating report and UCC document request.	0.30
	AKE Review and respond to e-mail regarding the IOLTA funds and monthly operating report.	0.30
	AKE Review and respond to e-mails from Armanino	

			HOURS	
		regarding revisions to current and prior monthly operating reports.	0.20	
	AKE	Summary of professional fees for the monthly operating report.	0.10	
01/18/2019	AKE	Finalize the fee summary for revisions to the monthly operating report.	0.20	
	AKE	E-mails to Armanino regarding revisions to the monthly operating report.	0.30	
	AKE	Prepare and send e-mail regarding revisions to individual lines in the October 2018, November 2018 and December 2018 monthly operating reports regarding changes to cash flows for refunds to clients and accruals of professional fees.	0.60	
	AKE	Additional e-mail to R. Ruan regarding revisions to the monthly operating reports.	0.10	
01/21/2019	AKE	Review monthly operating report.	0.30	
01/22/2019	AKE	Telephone discussion with J. Lucas regarding status and monthly operating report.	0.20	
	AKE	Review monthly operating report.	0.30	
	AKE	Review and respond to e-mails from R. Ruan regarding monthly operating report.	0.30	
		Monthly Bkcty/Semi-Annual Rpts	24.30	14,560.50
11/09/2018	AKE	Telephone discussion with G. Abodeely regarding receivable collections.	0.30	
11/12/2018	AKE	Telephone calls (2) with G. Abodeely regarding collection of receivables and work in progress.	0.70	
	AKE	E-mail to G. Abodeely regarding receivable collection issues and determination of values.	0.10	
		A/R Review/Collection	1.10	654.50
12/17/2018	AKE	Review retired partner claims.	0.20	
		Claims Analysis/Objections	0.20	119.00
12/18/2018	AKE	Conference call with Baker Tilly and D. Flaum regarding tax issues and adjustments, as well as book concerns related to capital account abandonment.	1.00	
01/30/2019	AKE	Conference call with the dissolution committee regarding tax issues.	0.90	
		Tax Issues	1.90	1,144.00
10/15/2018	AKE	Review and respond to the e-mails from J. Lucas regarding the pension audit letter.	0.20	
10/16/2018	AKE	Review the audit letter.	0.20	
	AKE	Telephone discussion with J. Lucas regarding the audit letter.	0.30	
		Employee Ben./Pension/Insur.	0.70	416.50
10/02/2018	AKE	Review additional spreadsheets from D. Flaum regarding composite tax issues and revisions to clawback analyses.	3.10	
	AKE	Review and respond to e-mails with D. Flaum regarding composite tax issues.	0.40	

			HOURS
10/03/2018	AKE	E-mails and responses from D. Flaum regarding tax questions related to composite tax schedule and affects on clawback schedules.	0.30
	AKE	Review composite tax schedule and update/revise clawback analyses.	1.80
10/04/2018	JAZ	Discuss new partner payment and capital information with Kyle Everett; revise analysis.	1.40
	JAZ	Revise the clawback analyses and e-mail Kyle Everett for review.	0.60
10/08/2018	JAZ	Review and e-mail Kyle Everett the latest analysis.	0.30
	JAZ	Discuss case status and initial requests with Kyle Everett.	0.30
10/11/2018	JAZ	Discuss solvency and clawback analyses with Kyle Everett.	0.50
10/15/2018	JAZ	Speak with Kyle Everett regarding the request for the equity partner payment information.	0.30
	JAZ	Review the debtor servers for the requested equity partner payment files and information.	1.20
10/17/2018	JAZ	Speak with Kyle Everett regarding the request for documents and information.	0.30
	JAZ	Begin to prepare the schedule of payments to the equity partners in 2017; e-mail information to Kyle Everett.	3.40
10/22/2018	AKE	Meet with J. Lucas to discuss the preparation of certain analyses.	2.00
	AKE	Review and analysis of solvency.	2.10
	JAZ	Review the requested partner payment and tax files; e-mail Kyle Everett the location of certain records.	1.00
	JAZ	Reconcile the partner payment files located on the server with the internal analysis prepared.	1.70
10/23/2018	AKE	Telephone discussion with J. Lucas regarding analyses.	0.10
	AKE	Continue updates of the partner clawback and solvency analyses.	0.80
	JAZ	Speak to Kyle Everett regarding reconciling the debtor records and analysis.	0.30
10/24/2018	AKE	Analyses of the partner clawbacks and solvency analyses.	3.90
	JAZ	Review for the general ledger information related to foreign office accounts; e-mail Kyle Everett the findings.	1.00
10/25/2018	AKE	Telephone discussion with J. Lucas regarding clawback analyses.	0.20
	JAZ	Review the general ledger reports as related to the makeup of the balance sheet accounts and foreign offices.	1.50
10/26/2018	JAZ	Continue revising solvency and clawback analyses as discussed with Kyle Everett.	3.50
10/29/2018	AKE	E-mail to D. Barto regarding information needed.	0.20
	AKE	Review schedules regarding additional clawback	

		HOURS
	analyses.	0.90
10/30/2018	AKE Additional analyses for clawbacks.	0.60
	AKE E-mail to D. Flaum regarding clawback questions.	0.10
	AKE Telephone discussion with D. Barto regarding additional information needed.	0.20
	JAZ Research loan and interest payments to partners.	0.50
11/01/2018	AKE E-mail to B. Summers regarding clawback questions.	0.10
11/05/2018	AKE Telephone discussion with D. Barto regarding books and records.	0.30
	AKE E-mail to D. Barto regarding documents needed.	0.20
11/07/2018	AKE E-mail to B. Summers regarding questions on partner clawbacks.	0.10
11/08/2018	AKE Review and update clawback analysis.	1.20
	AKE Review and respond to e-mails from B. Summers regarding clawback issues.	0.20
11/09/2018	AKE E-mail to D. Flaum regarding clawback issue.	0.20
	AKE Discuss capital distributions and clawback issues with J. Zagajeski.	0.30
	AKE Review clawback analyses and supporting data.	0.60
11/12/2018	AKE Review and update of clawback analyses.	1.20
	AKE E-mails to D. Flaum regarding clawback issues.	0.20
11/13/2018	AKE Review and respond to e-mail from D. Flaum regarding clawback issues.	0.10
11/14/2018	AKE Telephone discussions (2) with J. Lucas regarding solvency and clawback issues and questions.	0.30
11/15/2018	AKE Telephone discussion with J. Lucas regarding clawback analysis.	0.10
11/16/2018	AKE Telephone discussion with J. Lucas regarding capital distributions to partners.	0.30
	AKE E-mail to D. Flaum regarding capital distributions to partners.	0.10
	AKE Telephone discussions with J. Zagajeski regarding capital distributions to partners.	0.20
11/26/2018	AKE Telephone discussion with D. Flaum regarding accounting and clawbacks.	0.50
	AKE Review data and send specific information regarding certain partners to J. Lucas for clawbacks.	1.20
	AKE Review and finalize clawback analyses.	1.60
	JAZ Review and e-mail Kyle Everett the updated clawback analyses.	0.40
	JAZ Review the clawback schedules on solvency analysis for the accuracy and completeness; discuss same with Kyle Everett.	0.70
11/28/2018	AKE Review and update clawback analyses.	1.20
12/10/2018	AKE Review and update the solvency and clawback analyses for meeting with the committee.	1.70
12/12/2018	AKE Telephone discussion with D. Flaum regarding the	

			HOURS	
		open partner payment issues.	0.80	
	AKE	Review and revise partner clawback analyses.	0.80	
12/16/2018	JAZ	Update the August 31, 2018 clawback analysis.	3.50	
	JAZ	Update the May 31, 2018 clawback analysis.	2.50	
	JAZ	Update the January 31, 2018 clawback analysis.	2.50	
12/17/2018	AKE	Meet with J. Lucas and the dissolution committee before and after the meeting with the creditors' committee.	1.30	
12/18/2018	JAZ	Discuss case issues including potential production requests with Kyle Everett.	0.30	
	JAZ	Review for retired partner payment records; discuss same with Kyle Everett.	0.30	
01/03/2019	JAZ	Discuss case issues and research for partner collection details; e-mail findings to Kyle Everett.	0.50	
01/09/2019	AKE	Review and analysis of partner clawbacks.	1.90	
01/10/2019	AKE	Analysis of partner clawbacks.	2.00	
01/14/2019	AKE	Review and analysis of partner clawbacks, budgets and solvency.	1.40	
	AKE	Review additional analyses sent from D. Flaum regarding partner clawbacks and payments.	0.40	
01/15/2019	JAZ	Discuss headcount analysis with Kyle Everett.	0.30	
	JAZ	Prepare and revise clawback analysis following discussions with Kyle Everett.	2.40	
	JAZ	Discuss revisions to clawback analysis with Kyle Everett.	0.20	
01/16/2019	AKE	Review and respond to e-mails with D. Flaum regarding terminations and partner payment information.	0.30	
01/17/2019	AKE	Review and analysis of 2017 operations and budgets.	0.80	
	JAZ	E-mail with Adrian Egan request for foreign offices trial balance reports.	0.10	
01/18/2019	AKE	Review and respond to e-mail from J. Lucas regarding search for certain documents on the drive.	0.10	
01/30/2019	JAZ	Calculate total attorney count at various dates to be used in part of overhead calculation.	1.30	
	JAZ	Prepare and revise analysis of clawback calculations; discuss and e-mail same to Kyle Everett.	1.80	
01/31/2019	AKE	E-mails to D. Flaum regarding payments to retired partners.	0.20	
		Wind Down Operations	73.20	33,379.50
10/31/2018	AKE	Telephone discussion with J. Lucas regarding committee issues, schedules and solvency.	0.50	
11/02/2018	AKE	Meet with J. Lucas before and after then call with the committee to discuss analyses and information for the committee.	1.10	
	AKE	Attend conference call with the committee and		



			HOURS
		professionals regarding solvency and clawback analysis.	1.20
11/07/2018	AKE	Telephone discussion with J. Lucas regarding committee meetings and documents.	0.40
	AKE	Review list of documents requested by committee and review files for compliance.	0.50
	JAZ	Review and prepare the list of files received from the debtor, counsel, dissolution committee or other sources and e-mail Kyle Everett.	1.00
11/08/2018	AKE	Meet with J. Lucas to discuss committee request for documents.	1.20
	AKE	Review documents compliant with committee requests and send to J. Lucas.	1.20
	JAZ	Prepare records and schedules for the creditor's committee request.	1.00
11/09/2018	AKE	Telephone discussion with J. Lucas regarding committee document requests.	0.60
	JAZ	Telephone call with John Lucas and Kyle Everett to discuss the requests made by the creditor's committee and preparation of records.	0.60
	JAZ	Prepare and e-mail John Lucas all financials provided by the debtor as requested by the creditor's committee.	0.40
11/13/2018	AKE	Meeting with J. Lucas and the dissolution committee to discuss analyses and committee document requests.	2.60
	AKE	Review files on drive for transfer to committee.	1.00
11/14/2018	AKE	Review files on drive for transfer to committee.	1.40
11/15/2018	AKE	Review budgets and other documents from J. Lucas to be sent to committee.	0.90
	AKE	Review budgets and financial documents on hard drive.	2.40
11/20/2018	AKE	Review documents from J. Lucas for sending to Committee FA.	0.60
	AKE	Review files on hard drive for budgets and financial analyses.	1.80
11/21/2018	AKE	Review budgets and financial files on hard drive.	1.50
11/28/2018	AKE	Review budgets and financial drive.	0.90
12/05/2018	AKE	Conference call with Comenda and J. Lucas regarding information needed.	0.50
	AKE	Discuss the Comenda call with J. Lucas.	0.30
12/11/2018	AKE	Review trial balances and send to J. Lucas.	0.30
12/12/2018	AKE	E-mails with J. Lucas regarding the Comenda call.	0.20
12/14/2018	AKE	Meeting with J. Lucas to prepare for meeting with creditors committee.	1.60
12/17/2018	AKE	Meet with committee counsel and advisors to discuss history of partnership, solvency and potential clawbacks.	2.70

			HOURS
01/02/2019	AKE	Review list of documents requested by UCC.	0.20
01/03/2019	AKE	Telephone discussion with J. Lucas regarding committee document requests.	0.30
	AKE	Review and respond to e-mail from J. Lucas regarding information request.	0.10
	AKE	Discuss the J. Lucas information request with J. Zagajeski.	0.20
	AKE	E-mail to D. Flaum information requested by the committee.	0.20
	AKE	Review initial data for UCC.	0.20
01/04/2019	AKE	Telephone discussion with D. Flaum regarding committee information requests.	0.30
	AKE	Review and analyze reports from D. Flaum regarding committee requests.	1.40
01/07/2019	AKE	E-mails with D. Flaum regarding analyses and documents requested by the unsecured creditors committee.	0.60
	AKE	Review and respond to e-mails with Armanino firm regarding unsecured creditors committee's document requests.	0.30
01/08/2019	AKE	Telephone discussion with D. Flaum regarding documents for the committee.	0.20
	AKE	Telephone discussion with J. Lucas regarding the committee document requests.	0.10
	AKE	Review and analysis of documents requested by the committee.	3.10
	AKE	Review and respond to e-mails from D. Flaum regarding the partner payment analyses.	0.40
01/09/2019	AKE	Review and respond to e-mails with D. Flaum regarding partner payments and other documents requested by the unsecured creditors committee.	0.50
01/10/2019	AKE	Review and respond to Comenda's questions regarding clawback analysis.	0.20
	AKE	Review documents received responsive to the unsecured creditors committee's requests.	1.10
	JAZ	Review questions raised by committee and research issues; respond to Kyle Everett regarding findings.	1.10
01/11/2019	AKE	Telephone discussion with J. Lucas regarding the unsecured creditors committee's requests.	0.30
	AKE	Review and respond to e-mails from C. Dumas regarding collection questions.	0.20
01/14/2019	AKE	Telephone discussion with J. Lucas regarding UCC documents requested.	0.30
	AKE	Review and respond to e-mails from Comenda and C. Dumas regarding documents requested and questions.	0.30
	AKE	Review document requests from the committee and begin obtaining and reviewing analyses relevant to same.	1.80
01/24/2019	AKE	Telephone discussion with J. Lucas regarding the Comenda proposal.	0.10
	AKE	Review Comenda's proposal and analyses represented.	1.10
	JAZ	Conversation with Kyle Everett regarding the committees' financial advisor report.	0.40

			HOURS	
	JAZ	Read and review committees' financial advisor's clawback analysis.	0.70	
	JAZ	Reconcile various partner clawback figures used in the committees' financial advisor's analysis.	1.80	
01/25/2019	AKE	Review of the 2017 financial information and report from Comenda regarding partner clawbacks.	2.60	
	JAZ	Continue to review the committees' financial advisors's analysis and determine calculations and make up of figures.	1.30	
	JAZ	Conversation with Kyle Everett regarding the committees' financial advisor's analysis.	0.30	
01/28/2019	AKE	Review documents for committee requests.	0.60	
	JAZ	Conversation with Kyle Everett regarding additional analysis needed to investigate the committee's financial advisor analysis.	0.40	
01/29/2019	AKE	Review and analyze information from J. Lucas for the committee.	0.20	
	JAZ	Confirm calculations used by the committees' financial advisors and discuss same with Kyle Everett.	3.30	
	JAZ	Meet with Kyle Everett to discuss analysis needed of committee's financial advisor report.	0.40	
01/30/2019	AKE	Conference call with the dissolution committee regarding committee report.	0.80	
	JAZ	Discuss committees' financial advisors clawback calculations with Kyle Everett.	0.80	
	JAZ	Speak to Kyle Everett regarding meeting with committees' financial advisors and attorneys.	0.40	
		Creds./Creds.' Comm. Contact	57.00	30,174.00
10/30/2018	AKE	Updates to the solvency analyses.	2.30	
10/31/2018	AKE	Solvency analysis update.	2.00	
11/01/2018	AKE	Discuss solvency analysis with J. Zagajeski.	0.30	
	AKE	Updates to the solvency analyses and assumptions.	3.60	
	JAZ	Adjust various balance sheets for foreign office accounts.	3.00	
	JAZ	Review reports of foreign balances and e-mail Kyle Everett a list of issues and questions.	0.60	n/c
	JAZ	Review files on debtor server for information on foreign offices balances.	1.30	
11/02/2018	AKE	Update to the solvency analyses.	3.70	
11/05/2018	AKE	Update solvency analyses.	3.40	
	AKE	Review additional documents needed from D. Barto regarding solvency analyses.	1.20	
	AKE	Discuss solvency analyses and information received from D. Barto with J. Zagajeski.	0.40	
	JAZ	Conference call with Adrian Egan and Kyle Everett to discuss the foreign offices financials.	0.30	
	JAZ	Revise the solvency analysis lease CAP claims schedules based on new data from debtor.	0.30	
	JAZ	Prepare and e-mail Adrian Egan regarding the foreign trial balance details needed.	0.20	
	JAZ	Discussions regarding the foreign balances with Kyle Everett.	0.50	

		HOURS
	JAZ Review the schedules provided by Armanino regarding the foreign account balances.	0.40
	JAZ Review files e-mailed by Armanino regarding the foreign account balances.	0.40
11/06/2018	AKE Update analyses for clawbacks and solvency.	5.40
11/07/2018	JAZ Begin revising the debtor's balance sheets to remove the foreign balances.	3.20
11/08/2018	AKE Update solvency analyses.	0.80
	JAZ Revise balance sheets within the solvency analysis for January, March and June 2017 by adjusting the foreign balance sheets.	4.10
11/09/2018	AKE Telephone call with J. Lucas regarding solvency.	0.10
	JAZ Revise the balance sheets within the solvency analysis for various adjusting the foreign balance sheets.	1.30
11/11/2018	JAZ Prepare the December 2017 solvency analysis and e-mail Kyle Everett.	2.20
11/12/2018	AKE E-mail the Armanino team regarding information needed for solvency analyses.	0.20
	AKE Update solvency analyses for changes to balances and estimates.	5.30
	JAZ Review, research and respond to Kyle Everett's e-mail regarding the variances in balance sheets.	0.30
	JAZ Discussions with Kyle Everett regarding the account write-offs.	0.20
	JAZ Discussions with William Blandon of Armanino regarding the reports showing write-off of the accounts in prior years.	0.10
	JAZ Review the debtor's records for schedules showing write-off of accounts receivable and work-in-process accounts.	0.30
	JAZ Update the solvency analysis for all periods following discussions with Kyle Everett regarding the deemed capital transactions.	2.40
	JAZ Update the lease CAP schedules for September 30, 2017 and December 31, 2017; e-mail same to Kyle Everett.	1.40
	JAZ Review the solvency analysis and balance sheets for accuracy and potential issues; discuss same and e-mail Kyle Everett.	0.80
	JAZ E-mails to Adrian Egan and William Blandon at Armanino regarding the reports needed.	0.20
11/13/2018	AKE Telephone discussion with J. Lucas regarding LCs and leases.	0.30
	AKE Update solvency analyses.	2.00
	JAZ Update the solvency schedules and e-mail revised copies to Kyle Everett.	0.60
	JAZ Review the work-in-process and accounts receivable reports provided by Armanino and e-mail Debra Flaum for confirmation of figures.	0.40
11/15/2018	JAZ Finalize the solvency analysis for August 31, 2017.	2.20
11/16/2018	JAZ Review the debtor's records and server for 2018 capital payments to equity partners; discuss same	

			HOURS	
		with Kyle Everett.	0.50	
11/19/2018	AKE	Review and update solvency analyses at various dates.	1.60	
11/20/2018	JAZ	Discuss solvency analysis with Kyle Everett.	0.30	
	AKE	Update solvency analyses for various dates.	1.10	
12/05/2018	JAZ	Conversation with Kyle Everett regarding the balance sheet analysis.	0.10	n/c
	JAZ	Prepare lease cap analysis and discuss same with Kyle Everett.	1.00	
	JAZ	Review trial balance schedules; e-mail Armanino for missing dates.	0.40	
12/06/2018	JAZ	Prepare balance sheet analysis for 2015-2016; e-mail to Kyle Everett.	2.40	
12/07/2018	JAZ	Conversation with Kyle Everett regarding balance sheet analysis and known contra accounts.	0.20	
	JAZ	Remove the contra account balances from balance sheet analysis; e-mail updated analysis to Kyle Everett.	1.50	
12/11/2018	AKE	Update the clawback and solvency analyses.	3.10	
12/12/2018	AKE	Review documents on drive for solvency analyses.	2.20	
12/13/2018	AKE	Analyses and revisions to partner clawback analyses, supporting documents for solvency and clawback analyses.	2.60	
12/14/2018	AKE	Revisions to clawback and solvency analyses.	3.20	
	JAZ	Prepare list of all tabs in solvency analysis with descriptions; discuss same with Kyle Everett.	1.30	
	JAZ	Begin reviewing January 2018, May 2018 and August 2018 solvency analysis in preparation of production requests.	2.30	
12/16/2018	JAZ	Update the balance sheet, solvency and lease schedules.	2.50	
12/17/2018	AKE	Review budgets and partner payments.	2.10	
12/18/2018	AKE	Review and updates to solvency analyses.	1.80	
12/20/2018	AKE	Review and updates to solvency analyses.	2.10	
01/16/2019	AKE	Analysis of the 2017 operations and budgets for solvency.	1.60	
	JAZ	Revise January 2018 and May 2018 solvency and partner clawback analysis with updates to solvent dates.	2.20	
	JAZ	Discuss solvency dates and updates needed to clawback analysis with Kyle Everett.	0.80	
		Solvency Analysis	93.90	43,489.50
10/04/2018	AKE	Travel to/from the hearing.	0.60	
10/22/2018	AKE	Travel to/from Pachulski.	0.50	
11/02/2018	AKE	Travel to/from Pachulski office for call with the		

		committee.	HOURS	
			0.50	
11/08/2018	AKE	Travel to/from Pachulski.	0.50	
11/13/2018	AKE	Travel to/from Pachulski.	0.50	
		Travel at 1/2	2.60	773.50
		FOR THE FOREGOING PROFESSIONAL SERVICES RENDERED:	281.00	139,300.00

RECAPITULATION			
<u>CONSULTANT</u>	<u>HOURS</u>	<u>HOURLY RATE</u>	<u>TOTAL</u>
A. K. Everett	2.60	\$297.50	\$773.50
A. K. Everett	143.10	595.00	85,144.50
A. K. Everett	41.70	610.00	25,437.00
J. A. Zagajeski	71.40	295.00	21,063.00
J. A. Zagajeski	22.20	310.00	6,882.00

Photocopy Charges	272.85
Meals	56.42
Long Distance Telephone	13.77
Pacer Charges	2.10
TOTAL DISBURSEMENTS: THRU 01/31/2019	345.14
TOTAL CURRENT WORK	139,645.14
BALANCE DUE	<u>\$139,645.14</u>

# EXHIBIT B

SEDGWICK, LLP

SUMMARY OF EXPENSES TO JANUARY 31, 2019

PACER	2.10
MEALS	56.42
LONG DISTANCE TELEPHONE	13.77
PHOTOCOPIES (1819 @ .15)	<u>272.85</u>
TOTAL	<u><u>345.14</u></u>